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JUN 25 2001

DIVISION OF  
OIL, GAS AND MINING

Mr. William Stokes  
School and Institutional Trust Land Administration  
675 East 500 South  
Suite 500  
Salt Lake City, Utah 84102-2818

Re: Proposed Amendment  
Black Butte Mine  
S/015/080  
Emery County, Utah

Dear Mr. Stokes:

GoldTerra, Inc. is herein submitting a proposed amendment to the above referenced Small Mining Operation for the Black Butte Mine. The purpose of the amendment is to allow for additional exploration (drilling) to better define the potential ore reserve and quality.

Per our conversation on 06/14/01, this notice is being provided in letter form. A map of the site and proposed drilling locations is also included.

The following is a description of the proposed action:

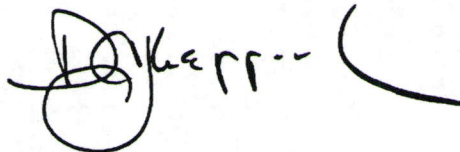
- 1) A total of 10 holes will be drilled on the site. All drilling and access will be confined to the existing, approved 5-acre mine plan area;
- 2) The drilling will be done with a truck - mounted drill of a size capable of extracting a 2" diameter core of the Mancos Shale to a depth of 100' - 200';
- 3) The core drilling will require some fluids for bit lubrication and tailings return; however, no mud pits are planned to be constructed. The rig is equipped with a small metal pit which is mounted over the stem of the hole. Required fluids are added directly to the metal pit and recirculated for the drilling. Only water or other approved, non-toxic drilling fluids will be used;
- 4) Access to the mining area will be by existing, permitted roads. Topsoil removal has already been completed at the site. There are no plans to further salvage soils on the 5-acre mine plan area, in accordance with the approved plan, since the proposed mining area is barren Mancos Shale. Access to the proposed drill sites may be constructed by a dozer; however, all disturbance will be confined to the approved mine plan disturbed area;



- 5) If drill pads are not required in the flatter areas, they will not be constructed. If pads need to be constructed on the steeper areas, they will not exceed 50' x 50' in dimension;
- 6) All drill holes will be plugged with a minimum 5' surface cement plug, as required;
- 7) Since the drill holes are to be placed within the area of active mining, regrading of sites will only be done to the extent which accommodates the existing mine plan;
- 8) All drill sites will be kept clean and operated in an environmentally safe manner. All trash, wood, metal, equipment and other debris will be removed from the sites and properly disposed of in accordance with the approved permit;
- 9) Drilling is anticipated to begin in early July 2001, with completion by the end of August 2001.

I appreciate your willingness to work with GoldTerra on this project, and I hope this proposal meets with your approval. If you have any questions, or need additional information, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Sheppard", with a large, stylized flourish extending to the right.

Daniel C. Sheppard  
President

cc: Wayne Hedberg - UDOGM  
Dan Guy - Blackhawk Engineering, Inc.  
File